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November 21, 2012

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

Re: Petition of Border to Border Communications for Waiver of Part 54.302 and the Framework to Limit Reimbursable Capital and Operating Costs; Connect America Fund, WC Docket No. 10-90 , Ex Parte Notice

Dear Ms. Dortch:

On November 19, 2012 Herman Roark, Curtis, Steve Andrews, Debbie Fisher, Stephanie Dukes, Diane Stober and Wade Wilson (participating by conference call) and myself representing Border to Border Communications, Inc. ("Border") , met with Rebekah Goodheart, Joseph Cavender, Garry Seigel, and Joseph Soresso to discussion the above captioned petition.

The attached summary of the justifications for the requested waiver provided Boarder in its petition was distributed. Also distributed was the attached letter from the Rural Utilities Service ("RUS") indicating that it would not authorize any further advance of loan funds pending FCC action on the pending waiver. The limited availability of mobile wireless coverage in the area was noted as a significant concern in letters of support from several customers, copies of which are attached.

The Border to Border representatives discussed several staff questions with respect to its operations and finances and agreed to provide further details in the near future. With respect to RUS loan levels, the company indicated its present outstanding balance is approximately \$4.2 million, and that another \$2.6 million was previously approved, but, as indicated above, is now blocked.

Border to Border began operations using BETRS radio in the 1990s, but converted to a mostly fiber based system in order to comply with performance standards imposed by the Texas Public Utility Commission. Subsequently, some 700 Mhz spectrum was acquired from a neighboring telephone company and is presently being used to serve approximately 7 customers where there are right of way or economic feasibility problems with deploying fiber. The 700 Mhz capacity is also used to provide Internet Access on an unregulated basis to a few subscribers outside of Border's service area. The rate for that service is 59.95 per month with a \$99 installation fee.

The Border representatives clarified that the company's service area is entirely to the east of US Highway 83 in Zapata County and that it contains no towns, recreational communities, stores or clusters of housing.

The Border representatives explained that Border has no employees of its own, but utilizes employees of its affiliated engineering company, which receives a management fee based on hours worked. This arrangement has been approved by RUS. Equipment purchases are made by the affiliate which is reimbursed. In one instance where the Border's auditor found the reimbursement had not been in accordance with the affiliate transaction rules, the transaction was corrected. Border will provide the Commission with additional information regarding compensation and other transactions with its affiliate and distributions to the owners.

Please contact me if there are any questions regarding this matter.

Sincerely

David Cosson

Counsel to Border to Border Communications, Inc.

Attachments

1. Summary paper
2. Letter from RUS
3. Customer letters of Support

cc: Rebrkah Goodheart  
Joseph Cavender  
Gary Seigel  
Joseph Sorresso

Attachment 1

Border to Border Communications, Inc.  
Petition for Waiver  
WCB Doc. 10-90

1. Absent the requested waivers, the \$250 line/month cap and the regression analysis limitations adopted by the *Transformation Order* will force Border to Border out of business:

- In 2012 it will have a net operating loss
- In 2013 it will have a negative cash flow
- By the end of 2014 it will have depleted cash reserves
- In 2015, if not before, it will be forced to cease operations.

2. Border to Border initiated telephone service in 1994 in a previously unserved 760 square mile area in Zapata and Webb Counties, Texas with very low population density and a significant stretch of the Mexican border. Shortly after service was initiated, the (then Common Carrier) Bureau waived the two year waiting period for USF because it recognized that Border to Border could not continue in operation in its high cost area without Universal Service Support.

3. AT&T serves the town of Zapata, but none of the surrounding rural area. Given that the rural area went unserved for over a hundred years, there is no realistic expectation that any other LEC will step in to provide fixed voice or broadband service. Several wireless carriers operate in the area, but their voice service is weak and unreliable in locations far from the two paved highways, and is generally not suitable to provide broadband.

4. Border has discontinued investments and service upgrades planned for 2012 and beyond and the Rural Utilities Service has suspended its ability to draw on an approved loan, pending Commission Action on the waiver. As a result, Border cannot extend service to new customers or meet requests of some existing customers.

5. Consequences of Border to Border discontinuing service:

- Subscribers, including public safety agencies, will lose reliable, high quality landline telephone service including access to 911
- Subscribers will lose broadband services that are not available from any other provider
- Border to Border will default on several million dollars in obligations to the US Government
- Customers outside its telephone service area will lose access to Border to Border's wireless Internet service.

6. The petition is supported by community leaders and is unopposed before the Commission.

